

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

Misuse of Internet Protocol (IP) Captioned
Telephone Service

CG Docket No. 13-24

Telecommunications Relay Services and
Speech-to-Speech Services for Individuals
with Hearing and Speech Disabilities

CG Docket No. 03-123

COMMENT BY MEZMOCORP (DBA INNOCAPTION)

MezmoCorp (dba InnoCaption) (“InnoCaption” or “Company”) respectfully submits these comments in response to the Federal Communication Commissions (“Commission”) Report and Order, Declaratory Ruling, Further Notice of Proposed Rulemaking, and Notice of Inquiry on June 8, 2018 in the above referenced proceedings.¹ InnoCaption fully supports the Commission in their efforts to increase the effectiveness and efficiency of the Internet Protocol Captioned Telephone Service (“IP-CTS”) program while preventing waste, fraud, and abuse. Accordingly, InnoCaption remains committed to operating in a fully transparent manner and providing the Commission with any additional information regarding the Company which may be helpful during this rulemaking process.

¹ *Misuse of Internet Protocol Captioned Telephone Service; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing Loss and Speech Disabilities*, Report and Order, Declaratory Ruling, Further Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 18-79 (June 8, 2018) (“Order”)

InnoCaption was granted conditional certification to provide IP-CTS services on May 13, 2014.² InnoCaption suspended service on April 7, 2015. During the period of suspension, InnoCaption underwent corporate restructuring and a change in leadership. The Commission lifted the suspension of the conditional certification on June 17, 2016. InnoCaption relaunched service with a new team new leadership July 7, 2016.

InnoCaption, under the current team, has been providing IP-CTS services for just over two years and continues to operate with a small team as a start-up and emerging provider. The Company is the smallest of the five IP-CTS providers, and the only provider to solely rely on stenographers to provide real-time captions on incoming and outgoing call to users on their mobile devices.

InnoCaption previously filed a comment in these proceedings which provided the Commission with the Company's market share, cost saving operational structure, and financial projections.³ The projections provided illustrated the potential impact of the interim rates on the Company when taking into account our projected growth and expected full operational costs.⁴ As a result of the implementation of the interim rates, the Company had to suspend its plans to expand the staff and to grow operations. Instead, InnoCaption continues to operate with the same number of employees despite the increasing demand for the service. The Company is hesitant to expand at this time,

² *Notice of Conditional Grant of Application of Miracom USA, Inc., for Certification as a Provider of Internet Protocol Captioned Telephone Service Eligible for Compensation from the Telecommunications Relay Services Fund*, Public Notice, 29 FCC Rcd 5105, 5106 (CGB 2014) (*InnoCaption Certification PN*).

³ *See generally*, MezmoCorp (dba InnoCaption), Ex Parte Presentation, CG Docket Nos 03-123 and 13-24 (May 30, 2018)

⁴ *Id.* at 5

despite the steady but stable increase in users and minutes, when considering the current financial obligations and the impending rate decrease by another 10% to \$1.58 for 2019-2020. In the event the Commission was to expand this “glide path” reduction of rates, it is highly likely InnoCaption would be unable to continue offering IP-CTS services.

InnoCaption agrees with the Commission that IP-CTS rates should align with the providers actual reasonable costs of providing service. However, InnoCaption disagrees this can be achieved using a single tier compensation method where a significant disparity exists between the smallest and largest providers. There are significant relevant differences between IP-CTS providers, including but not limited to, differing cost structures, differing operational structures, and the use of different technologies. As the Commission knows, there is a significant disparity in size between the largest and smallest providers in the IP-CTS marketplace. A result of this size difference is that a weighted average will never accurately correlate to providers actual costs of providing the service. A rate which allows a small provider to operate within reasonable margins is likely to overcompensate a larger provider. The same is true for a rate that aligns with the reasonable costs for a large provider, it is likely to put a small or emerging provider out of business. When considering the current composition of the IP-CTS marketplace, especially as the smallest provider, InnoCaption remains concerned that the continued use of weighted average provider costs to establish rates will endanger its viability as well as the viability of other small and emerging IP-CTS providers who may enter the marketplace.

Instead of continuing with the current “glide path”, InnoCaption urges the Commission to adopt a tiered rate structure for IP-CTS. A tiered rate structure with a

special emergent provider rate – similar to VRS – will allow both existing and future emerging providers to recover their reasonable costs while growing, and not overcompensate providers who have already achieved sufficient economies of scale to warrant lower rates. InnoCaption proposed an emerging provider rate of either \$1.9467, the per minute rate prior to the implementation of the interim rates, or a continuation of the MARS plan for providers who have 5,000,000 monthly minutes or less.⁵ InnoCaption believes the current composition of the IP-CTS market, and the potential for entry of new providers with innovative technologies, justifies implementation of a tiered rate system.

InnoCaption is fundamentally opposed to any rate setting approach which limits the number of qualified providers within the IP-CTS marketplace. We believe competition is essential in ensuring technological advancements, innovation, and the provision of functionally equivalent service in IP-CTS. Creating a system which allows for new and emerging providers to enter and compete in the IP-CTS marketplace ultimately incentivizes all providers to continue innovating their products. This ultimately benefits the deaf and hard of hearing community by encouraging innovation in the area of functional equivalency and telecommunications accessibility. Accordingly, any rate structure implemented should take into consideration the possible impact on the ability of new and emerging providers to successfully enter and compete within the IP-CTS marketplace.

In conclusion, InnoCaption respectfully requests that the Commission implement a tiered rate system which includes a reasonable rate for new and emerging providers. InnoCaption looks forward to reading other proposals and providing comment.

⁵ *Id.* at 6

Please do not hesitate to contact the undersigned with any questions you may have.

Respectfully Submitted,

/s/ Cristina O. Duarte
Director of Regulatory Affairs
MezmoCorp (dba InnoCaption)